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SENSITIVE

STATE FOR THE SENIOR ADVISOR TO PM A/S, PM/B, AND EUR/SE  
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SUBJECT: 2003 REPORT TO CONGRESS ON TURKISH CONTRIBUTIONS  
TO THE COMMON DEFENSE

REF: STATE 219916

[1](#)1. This is Embassy Ankara's submission to the 2002 Report to Congress on Allied Contributions to the Common Defense.

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General Assessment  
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[1](#)2. (SBU) Turkey experienced a major political change in 2002 when the governing coalition of Prime Minister Ecevit began to dissolve in July, and November general elections brought to power the Islam-influenced AK Party in a majority (vice coalition) government. The outcome of the election was viewed as a public outcry against the often corrupt and ineffective parties that have rotated through government since the late 80's. The AK Party's defense and security policies are still somewhat unclear, but the Turkish General Staff (TGS) is certain to maintain its significant influence in the National Security Council and provide consistency to Turkey's defense and security policies.

[1](#)3. (SBU) Throughout the political debate Turkey experienced in the last half of 2002, the GOT continued to negotiate a participation agreement in the EU's ESDP in exchange for assured access to NATO planning assets. The negotiations culminated in an agreement in December that allows NATO and the EU to proceed with "Berlin Plus" arrangements. Turkey has committed forces to the ESDP's Headline Goal and encouraged the "Turkish Republic of Northern Cyprus" to continue UN-brokered negotiations in hopes of resolving the Cyprus problem to improve Turkey-Greece/Turkey-EU relations and further its goal of becoming an EU member. In December 2002, the EU committed to reviewing Turkey's compliance with the Copenhagen Criteria in December 2004 in order to begin accession negotiations thereafter.

[1](#)4. (U) The Turkish General Staff (TGS) continues to support a military modernization program that should increase the capacity of Turkey to meet its NATO responsibilities. However, the GOT's ability to finance its previously announced 30-year, USD 150 billion program remains seriously hampered by the government's precarious financial situation, particularly an enormous public debt load that siphons off most revenues. Under the best of circumstances, maintaining solvency will require the government to live within a very tight budget for the next several years. This has limited and will continue to limit funds available for new military spending. If Turkey is able to achieve growth of 5 percent or more beginning in 2003, there should be room for some minor increases in defense spending, but the military will face competition for budget resources from social programs, which are on the top of the new government's agenda. Turkey's 2002 National Defense Budget was reportedly \$4.7 billion, based on an exchange rate of \$1=1.65 million Turkish Lira, representing 8.5 percent of the national budget and 3 percent of GNP. (The defense budgets in 2000 and 2001 were \$6.6 billion and \$4.3 billion respectively.) Approximately 25 percent of the defense budget is allocated for personnel expenditures. The Defense Industry Support Fund, which is independent of the defense budget (and not made public), was expected to reach \$.7-\$1 billion when including funds carried over from 2001. Of that amount 90 percent was intended for procurement projects.

[1](#)5. (U) In this fiscal environment, TGS has continued its indefinite postponement of 32 projects, including 20 utility/heavy-lift helicopters and the Turkish main battle tank program, which was planned to replace Turkey's legacy

tank fleet. TGS is now focusing on upgrading its M-60 fleet and has awarded the modernization contract to the Israeli IMI consortium. The Turkish Attack and Reconnaissance Helicopter (ATAK) direct commercial sale (DCS) project has been delayed but is still in the contract negotiating phase. Although US Bell-TEXTRON was selected as the primary candidate for the project, the negotiations were stalled at year's end. The GOT started formal negotiations with the secondary contractor (the "Kamov" Israeli-Russian Defense Industry consortium) in 2002. The Airborne Early Warning and Control (AEW&C) DCS project has experienced delays, but the contract has been awarded, the US Congress has agreed to the contract, and the project is expected to proceed successfully. The GOT has received and is evaluating contractor proposals to procure eight strategic unmanned aerial vehicles (UAV) but is expected to defer announcing down selection or awarding the UAV contract until well into FY03.

16. (U) On July 11, 2002 Turkey and the US signed a \$175 million Memorandum of Understanding for Turkish partnership in the Joint Strike Fighter (JSF) Systems Development and Demonstration (SDD) Phase. As a Level III partner, Turkey will participate with the United Kingdom, Italy, Netherlands, Canada, Denmark, and Norway. Over the next 10 years of the SDD phase, Turkey's investment will enable it to share in the technological exchange that marks this program as the largest investment in research and development that Turkey has made to date.

17. (U) Throughout the reporting period, the GOT continued its support of UN and NATO humanitarian and peacekeeping efforts. Furthermore, the Turkish-American "strategic partnership" dramatically broadened and deepened in 2002, beginning with Turkey's agreement to take over from the UK as the lead of the International Security Assistance Force (ISAF) in Afghanistan and continuing with the ongoing discussions over the future of Iraq.

18. (U) Turkey officially took over leadership of ISAF in June for a six-month term due to expire in mid-December and has since agreed to extend its leadership until mid-February 2003 to give Germany and the Netherlands time to prepare for the role. Ankara continues to place emphasis on stability in the Caucasus and central Asia, committing approximately \$30 million over the last five years to upgrading the Georgian military's ability to maintain control of its territories. TGS continues to coordinate security assistance to the Caucasus with the US through the OSD-led Caucasus Working Group.

19. (SBU) Turkey's contributions to the war on terrorism have been substantial. The GOT's long-time leadership in the area of counterterrorism and consistent support of US efforts since 9/11 have underscored its role as one of the United States' key allies. Its strategic location and distinction as the only Muslim NATO Ally have further demonstrated Turkey's importance to the US and NATO. Turkey has participated actively in GWOT. In doing so, Muslim Turkey has supported our message that GWOT is not a war on Islam. In the aftermath of 9/11, the Turks issued strong public statements condemning the attacks, and, in the face of considerable public opposition, pushed through a parliamentary resolution authorizing the deployment of Turkish troops abroad for Operation Enduring Freedom (OEF) and the stationing of additional foreign troops in Turkey. Turkey was one of the first countries to offer troops for OEF. Turkey also streamlined customs procedures for equipment used for OEF, granted blanket permission for US OEF aircraft to operate and refuel in Turkish airspace (over 8,000 sorties to date), dispatched liaison officers to CENTCOM, EUCOM and to Kandahar, offered the use of additional air bases for operations through Turkey, offered two KC-135 tankers in support of air operations, and increased its force protection posture at US military facilities in the country.

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Direct Cost-Sharing
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10. (U) In accordance with current bilateral agreements, the USG has not sought a direct GOT contribution toward the costs associated with the stationing of US forces in Turkey. However, Turkey significantly increased its security presence at all US facilities for approximately four months following 9/11, and the Turkish National Police provided unmarked cars at all US living quarters for a period of time. Additionally, on September 11, 2002, the GOT significantly increased force protection with additional military and police presence.

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Indirect Cost-Sharing  
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11. (U) Turkey continues to play a major role in Operation Northern Watch (ONW), which is mandated to enforce the no-fly zone over northern Iraq. Turkey's parliament renews its legislative commitment to host ONW at Incirlik Air Base every six months and remains a major ally, teamed with the US and UK, in the critical UN-mandated mission. Despite repeated Iraqi threats of retaliation against Turkey and significant lost trade, the GOT remains a strong supporter of ONW. US military aircraft do not pay landing fees in Turkey to land at Turkish military air fields (estimated value: USD 2 million) but do pay to land at commercial airfields.

12. (U) Indirect cost-sharing in the form of foregone rent of GOT-owned land and facilities used at no cost by the USG is calculated as follows:

Office of Defense Cooperation, Ankara

-- Land (11,120 sq m of land valued at \$18.30/sq m, based on prevailing fair market value of land in that district) = \$216,113;

-- Prevailing fair market value of headquarters building (5,500 sq m), motor pool and shop (620 sq m), and parking lot (5,000 sq m) adjusted for inflation is \$328,000/year.

US-utilized land at Incirlik Air Base (all buildings and facilities are built and paid for by the USG):

-- 13,477,700 sq m at the fair market value of \$6.47/sq m = \$87.201 million annually.

Total Foregone Rent of GOT-owned land/facilities = \$87,745,113/year.

13. (U) Forgone Tax/Customs revenue:

American military activities and personnel assigned to Turkey are exempt from all income, corporate, stamp taxes and customs duties. The estimated forgone revenue is calculated as follows:

-- Turkey-wide PX/Commissary sales, valued at over \$23.3 million annually, at an average VAT rate of 22 percent is estimated to be \$5.128 million annually;

--Forgone customs duties on personal property, personal vehicles, supply equipment, weapons and munitions, military vehicles, and local purchases at an average VAT rate of 18 percent is estimated to be in excess of \$12.24 million annually.

Total Foregone Tax/Customs = \$17.368 million

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Grant Aid, Peacekeeping, Humanitarian Assistance, Current Contingency Operations, Counterproliferation, and Nuclear Threat Reduction  
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14. (U) Because of its cultural, historic, and even familial ties to the Balkans, Turkey continues to be a supporter of a robust Western presence in the former Yugoslavia. Turkey supports KFOR with a mechanized infantry battalion task force of approximately 752 personnel. It has supported SFOR since 1996, currently with about 498 people in a mechanized battalion task force, with one company of the task force assigned to the security of SFOR headquarters. Turkey has also assigned one frigate, three F-16 fighters, and one minesweeping vessel that can be provided upon request for support of SFOR and/or KFOR. In FYROM, there is a 40-person Turkish national support element. Other Turkish involvement in current peace operations include five observers in UNIKOM (Kuwait), seven observers in UNIMOG (Georgia), 37 police officers for IPTF (International Police Task Force in Bosnia), and 18 observers for TIPH (Temporary International

Presence in Hebron), and ONW liaison officers. Turkey has committed up to five thousand troops to the EU's rapid reaction pool, including one mechanized brigade, one F-16 squadron, two C-130 or C-160 transport aircraft, two frigates, one submarine, one support vessel, and one amphibious ship.

15. (U) By far the GOT's most substantial contribution to peacekeeping and humanitarian assistance in this reporting period was its leadership of ISAF from June 2002 to mid-February 2003, involving the commitment of nearly 1400 Turkish personnel and 150 vehicles to Afghanistan. The Turkish General Staff (TGS) estimates that ISAF leadership costs Turkey approximately \$9 million dollars per month. In addition to its ISAF leadership, Turkey played a leading role in the training of the first national guard battalion and donated uniforms and equipment for those 600 soldiers. Turkey continues to coordinate closely with the USG in providing additional training to the Afghan National Army. On the humanitarian front, Afghan reconstruction projects completed with Turkish assistance now total \$2.8 million, and the GOT has committed \$1.5 million for 2003. \$4.5 million has been set aside for possible future use. Turkey is focusing its reconstruction efforts in four areas: healthcare, training, agriculture and gender issues projects, such as those that address women's and children's issues. Completed projects breakdown as follows:

- \$ 314,000 for medicine, medical supplies and equipment, cash assistance to hospitals;
- \$ 1,760,000 for training of doctors, diplomats, water experts, teachers;
- \$ 200,000 for infrastructure (telephone network installation);
- \$ 23,800 for baby food;
- \$ 608,936 cash to Afghanistan Reconstruction Trust Fund (ARTF) and early support to the Afghanistan Interim Authority Fund (AIAF).

16. (U) To pursue its goals of stability and westernization in the region, Turkey provides military equipment, education and training to personnel from Central Asia and the Caucasus, especially Georgia, where it has committed over \$30 million dollars over the last five years. Some 30 Turkish military advisors are in Georgia and have trained more than 400 Georgian special forces and border guards. TGS coordinates with the US its assistance to the Caucasus and Kazakhstan through the OSD-led Caucasus working group, which met three times in 2002. In 2002 Turkey provided training/education at various Turkish military institutions to 1200 guest military personnel from some 30 countries. It has bilateral military training, technical and scientific cooperation agreements with almost 60 countries.

17. (U) Turkey has actively supported the US in pursuing the adaptation of NATO to a post-Cold War world. Ankara has expressed its support for the NATO Rapid Reaction Force, niche capabilities, and missile defense. Its commitment to the Partnership for Peace is evident in its Ankara PfP Training Center, which has trained more than 2200 students from 45 NATO, PfP and Mediterranean Dialogue countries in courses ranging from "Peacekeeping Operations Management" to "Refugee Relief." The GOT budget to support participants in the PfP training center is approximately \$150,000 per year. During 2002, Turkey participated in 11 PfP or Spirit of PfP exercises. Furthermore, TGS has invested substantial resources into renovating its 3rd Corps Headquarters in Istanbul to make it suitable for hosting a NATO High Readiness Force (HRF) Headquarters. The Turks fully supported NATO enlargement at Prague, particularly in southeastern Europe.

18. (U) Turkey has launched a number of groundbreaking regional cooperation mechanisms in southeastern Europe. It continues to be an active participant in the South-East European Cooperation Process (SEECP) and the numerous initiatives that have emanated from it, including the South Eastern Europe Brigade (SEEBRIG), an integrated infantry brigade composed of units from Albania, Bulgaria, FYROM, Greece, Italy, Romania, and Turkey, with the US and Slovenia acting as observers. Turkey contributes a mechanized infantry battalion, a reconnaissance company, an artillery battery and some supporting units to SEEBRIG. In 1997-8, Turkey conceived and nurtured the Multinational Peacekeeping Force--Southeast Europe (MPFSEE), which operates the on-call SEEBRIG. It was activated in 1999 under a Turkish commander. In 2001, the GOT successfully brought together Russia, Ukraine, Romania, and Bulgaria to establish the BLACKSEAFOR, an on-call force comprising naval units of the Black Sea littoral states.

19. (U) Turkey is a vigorous supporter of regional counterproliferation cooperation. It is a member of every major USG-endorsed arms control and counterproliferation regime, including NPT (1969), BWC, (1974), Wassenaar (1996), MTCR (1997), CWC (1997), CTBT (1999), NSG (2000), and Australia Group (2000). Since 1999, the GOT has undertaken the responsibility for the operation and maintenance of the Belbasi Seismic Monitoring Station, an important data source for the worldwide comprehensive test ban treaty (CTBT) nuclear test-monitoring network. During 2002, the GOT finalized a project to install USG-donated radiation detectors at Turkish border crossings. The detectors are intended to deter and, if necessary, interdict smugglers trafficking in radioactive material that could be used by terrorists or countries of proliferation concern to build nuclear weapons.

20. (U) Since February 1999, TGS and the US Missile Defense Agency have been cooperating on a joint missile defense architectural study in anticipation of a developing tactical ballistic missile threat against Turkey and its NATO Allies. Turkey has consistently supported US objectives for pursuing missile defense for the Alliance.

Point of Contact  
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